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with Shopping Center Age
The newsmagazine for retail operations
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Going after it all:
Manufacturers take new lease on retailing

TWENTY DOLLARS A YEAR (USA)

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Cover photo courtesy of *APPAREL merchandising*

By Ellis Rowland

SPECS '86: A new chapter

As you may have noticed on the masthead of this month's issue, *Chain Store Age Executive* has a new publisher, Jim deGraffenreid. I will be moving to the position of director of marketing for our company, Lebhar-Friedman Inc., and as a result, SPECS '86 will have a new general chairman.

Although I could very easily become sentimental at a time like this, the future looks too exciting and the past has too many great memories.

I recall my first SPECS in Chicago when one of our speakers had a personal emergency at the last minute and was unable to attend. We approached two attendees and they agreed to give it a try. They not only put on the entire workshop, but gained high marks from the participants on our evaluation questionnaire.

It has been this spirit of participation that I have experienced over and over again as general chairman of SPECS during the past nine years.

The SPECS Retailer Advisory Board meetings have been interesting and dynamic. I truly appreciate the many people who have taken time from their busy schedules to meet with us across the country. These meetings have brought forth ideas for programs and format changes that have strengthened SPECS. The inclusion of management training sessions, computer workshops and off-site tours all came from ideas generated at Advisory Board meetings.

And I can't forget the contributions of our Supplier Advisory Board. Their interest and ideas have been outstanding and have added to all phases of our program.

I have also been very fortunate to work with wonderful people on our staff. They have given their time and talent to making SPECS a success while simultaneously performing their primary task of producing our magazine.

I'm proud that we have used SPECS as a forum to recognize and honor the outstanding achievements of our peers through the New Store of the Year awards. Again, ideas and suggestions from you helped to make this program bigger and better.

Yes, my SPECS experience has been rewarding, because it has been a time of people helping, sharing and contributing. The criticisms have been constructive, the contributions have been positive and as a result, both SPECS and I have grown.

For that, I thank you all—retailers, exhibitors and staff.

F.Y.I.

Brennan has high hopes for Montgomery Ward

When Montgomery Ward announced the closing of its 113-year-old catalog operation last month, Bernard F. Brennan, president and ceo, set the pattern the chain has planned for itself: "Our goal is to become a contemporary single-focused retailer."

Ward already has sold part of its floundering Jefferson Ward discount chain to Bradlees and will either sell off or close the rest of the stores, most of which are in Florida. Reports are that its entire buying staff was dismissed.

The fact that the catalog operation was in trouble was no secret (*Chain Store Age Executive*, March 1985). It lost an average of $50 million annually since 1980. Observers comment only that it appealed to too narrow an audience ("How many customers for polyester are there?"), it was frequently not in stock, and there were many returns.

As for the main part of the business, Mobil doesn't seem to have any inclination to take the drastic action of closing Montgomery Ward stores. Withdrawal costs in buying out leases would be astronomical. Thus, Mobil is expected to keep the chain alive (it recently opened a stores-within-a-store prototype in Annapolis, Md.), hoping that it will find one buyer for the whole shebang or a group of buyers for clusters of the chain.

S&P gives Petrie Stores a much-improved rating

Petrie Stores is back on the favorable side of Standard & Poor's, which recently raised the rating on Petrie subordinated debentures from double-B-plus (junk bond) to a triple-B-minus (recommended investment). The debentures are exchangeable for Toys "R" Us common shares. Petrie owns 24% interest in the toy retailing chain. The raise in effect says that Petrie now has adequate capacity to repay the principle and interest on time.

Harold Green, S&P analyst, says Petrie got its double-B-plus rating after it acquired Miller-Wohl, another women's apparel chain, last year. Miller-Wohl had been in a downturn but Petrie turned it around. It did the same for Winkelman Stores, which it also acquired during the past couple of years, and the improved results flowed to the bottom line. It did this by improving merchandise mix and in-stock positions, as well as integrating their electronics systems into the Petrie system.

At the same time, Petrie began an aggressive remodeling of its own stores and has been expanding its recently acquired chain of teenage apparel stores. The Rave stores average 2,500 sq. ft. and can be fitted into other existing Petrie, Miller-Wohl or Winkelman stores.

Clarification

In the August 1985 issue, *Chain Store Age Executive* reported Sears, Roebuck's 1984 domestic merchandising (retail) sales as $21,671,000,000. William Bass, chairman of Sears' Merchandise Group, explains that his group's revenue also included $1,894,000,000 from its credit operation and $2,943,000,000 from its international holdings. This totals $26,508,000,000.

Earnings from the entire Merchandise Group were $905 million, or 3.4% of total revenue and its return-on-equity was 14.9%. This widens the gap between Sears and K mart, whose 1984 domestic merchandise sales were $20,188,000,000, and total revenues including its Canadian retail sales, its insurance and finance operations, and its equity holdings in Australia and Mexico totaled $21,095,000,000.

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[2] Credit Card Usage Diary Panel, 1983-84, Market Facts, Inc., NY

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This same company had previously used polygraphs. Initially, when the switch to pen and pencil honesty testing was made, the test results of some candidates were matched up with polygraphs they had taken. The results, says the retailer, were basically the same. In fact, written test takers admitted to even more wrongdoing than they had on the polygraph.

According to James Walls, senior vp of Stanton Corp., a producer of transparent tests, "When people take a written test they are likely to be much less defensive than in a one-on-one interview situation." And, he claims, people who shoplift have a different set of values that's reflected in the test

"When they [shoplifters] take the test, they tend to admit to a small portion of what they have done. They feel if they answer a test without indicating that they've ever taken something then they won't be believed," he maintains. "Applicants don't feel threatened doing this because they feel it's a normal thing to do."

Walls also claims that people have gotten much more dishonest in the past 20 years. "In the 1960's, we found that the majority of the people were trustworthy. There was a rejection rate of 12%," he reports. "By the 1980's, the rejection rate had increased to 30%. This is based on actual admissions of stealing."

Both Stanard and Walls have found that the typical "high risk" job applicant is in the 17- to 23-year-old age bracket and is likely to be a student.

People in this age group have a rejection rate of 30% on the Stanton test. "They are the ones who have given unauthorized discounts, stolen from employers and indulged in price tag switching," Walls reports.

"For those in the 23- to 30-year-old age bracket, the rejection rate is 22% to 25%," he continues. "It drops steadily as the age of people goes up and they become more serious and committed to their jobs. Younger people have more mobility; it's easier for them to float from job to job. The 30-40 year olds have a rejection rate of 17%-20%, and those 40 to 50 have a rejection rate of 10% to 12%." ■

SECURITY

Shoplifting dynamics: Who, what, when, where and how?

Shoplifters are most likely to be apprehended between the hours of 3 p.m. and 6 p.m., according to the *22nd Annual Report on Shoplifting in Supermarkets, Drug Stores and Discount Stores* conducted by Commercial Service Systems (CSS), Van Nuys, Calif. The study is based on 1984 shoplifter apprehensions by participating retailers.

The report looks at the dynamics of shoplifting in the discount store, drug store and supermarket retail categories using a representative sample.

The survey, conducted among CSS's retail clients, indicates that 35.9% of all discount store apprehensions took place during this time frame, followed by 35.4% in drug stores and 34.5% in supermarkets.

Most apprehensions in the supermarket group, 16.3%, occurred on Fridays. However, Saturday was the day that shoplifters were apprehended most often in drug stores (17.1% of all apprehensions) and discount stores (19.7%).

The study indicates further that the gender of the shoplifting offender is likely to vary according to retail category. Among adult offenders more men were apprehended for supermarket shoplifting than were women. The situation was reversed in the case of drug stores and discount stores.

Specifically, the report shows that during 1984 56.9% of adult supermarket shoplifters were male, compared with 49.8% of those apprehended in drug stores and 49% of drug store offenders. Conversely, reportedly only 43% of the supermarket shoplifters apprehended were female but 50.9% of those in discount stores and 50.1% of those shoplifting in drug stores

Methods of concealment*

	Supermarket	Drug store	Discount store
Purse	28.2%	25.4%	28.3%
Shopping bag	2.1	2.7	2.9
Other bag	3.6	4.9	2.8
Pocket	23.1	28.8	27.4
Label switching	1.1	0.5	1.5
Accomplice	3.0	3.8	3.1
Under clothing	29.3	24.3	26.9
Other method	6.9	9.2	12.5
Not indicated	0.2	0.1	—

*Primary method reported
Source: Commercial Service Systems, Van Nuys, Calif.

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The retail business is on the move. Find out who are some of the movers and shakers making things happen in the industry in the October issue of *Chain Store Age Executive*.

were women.

Among juveniles, however, males were by far the main offenders. The report estimates that they accounted for 61.4% of supermarket shoplifters, 58.5% of discount store shoplifters and 56.7% of drug store offenders. In comparison, only 38.5% of the juvenile shoplifters in supermarkets were female, 43.2% in drug stores and 41.8% in discount stores.

Of the adults who were apprehended for shoplifting, 44.4% were prosecuted by the discount operations, 38.7% prosecuted by the supermarkets questioned and 37.9% prosecuted by the drug chains.

Among juvenile shoplifters apprehended, drug stores referred 19.7% to the authorities; the supermarkets referred 29.3%; and the discount stores, 32.8%.

In direct contrast to the adult pattern, the retailers showed themselves more likely to take action against female juveniles than against males. Specifically, 22.2% of juvenile female shoplifters were referred to the authorities by the drug store operators, 30.3% by the supermarkets and 35.2% by the discount stores.

The CSS report indicates that the average value of merchandise recovered by the discount stores per apprehension was $24.21. For the drug stores, the value was $16.14, dropping to $11.97 for the supermarket operations.

However, the average number of items recovered per apprehension was highest at the supermarket level, at 3.3. This is followed by the discount store figure of 3.1 items and the 3.0 items recovered on average by the drug store operations.

The single largest group of shoplifters apprehended in each retail category surveyed was the 18- to 29-year-old age group, according to the report. Specifically, 37.4% of the discount store offenders were found to be in this age group, 36.3% of the supermarket group and 28.9% of those apprehended in drug stores.

As for concealing the stolen merchandise, the methods most popular vary according to individual retail classification.

For example, under clothing was the method used by 29.3% of the supermarket shoplifters, followed by 28.2% using a purse and 23.1% using pockets.

Among drug store offenders, the pocket was the most popular, used by 28.8%, followed by purses, 25.4% and under clothing, 24.3%.

The discount stores reported that purses were the most popular, used by 28.3%, followed by pockets, used by 27.4%, and under clothing, a method employed by 20.9%. ■